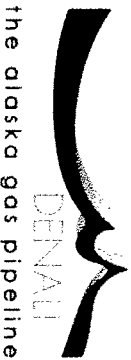


Alaska State Legislature House Energy Committee

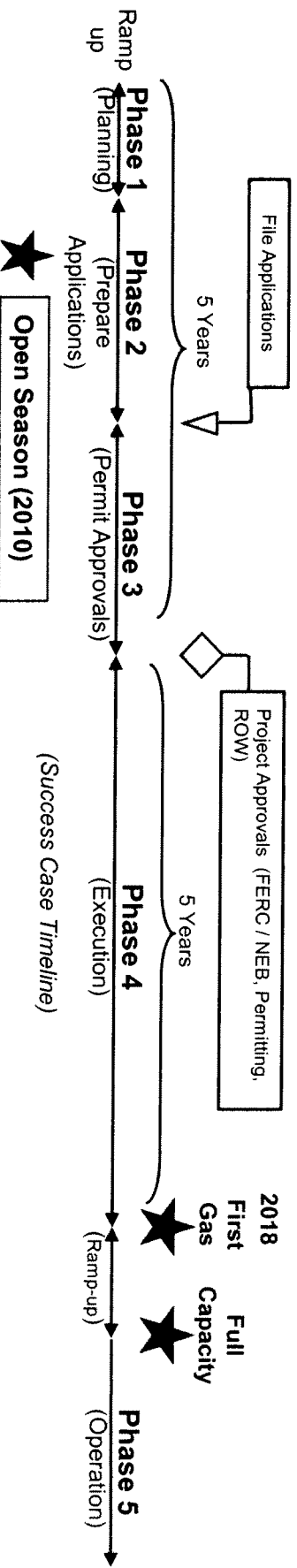
April 7th, 2009



Together. moving. energy.



Denali – On track for success



- Denali organization in place. Open season in 2010
- Denali believes there will be a place for Alaska gas in the North American market
 - Alaska gas is a key part of the President's energy plan
 - Natural gas is the fuel of choice – viewed as the bridge to renewables
 - Anticipate the US and World economies and natural gas demand will have recovered in the next 9 to 10 years.
- The economy has not changed our focus

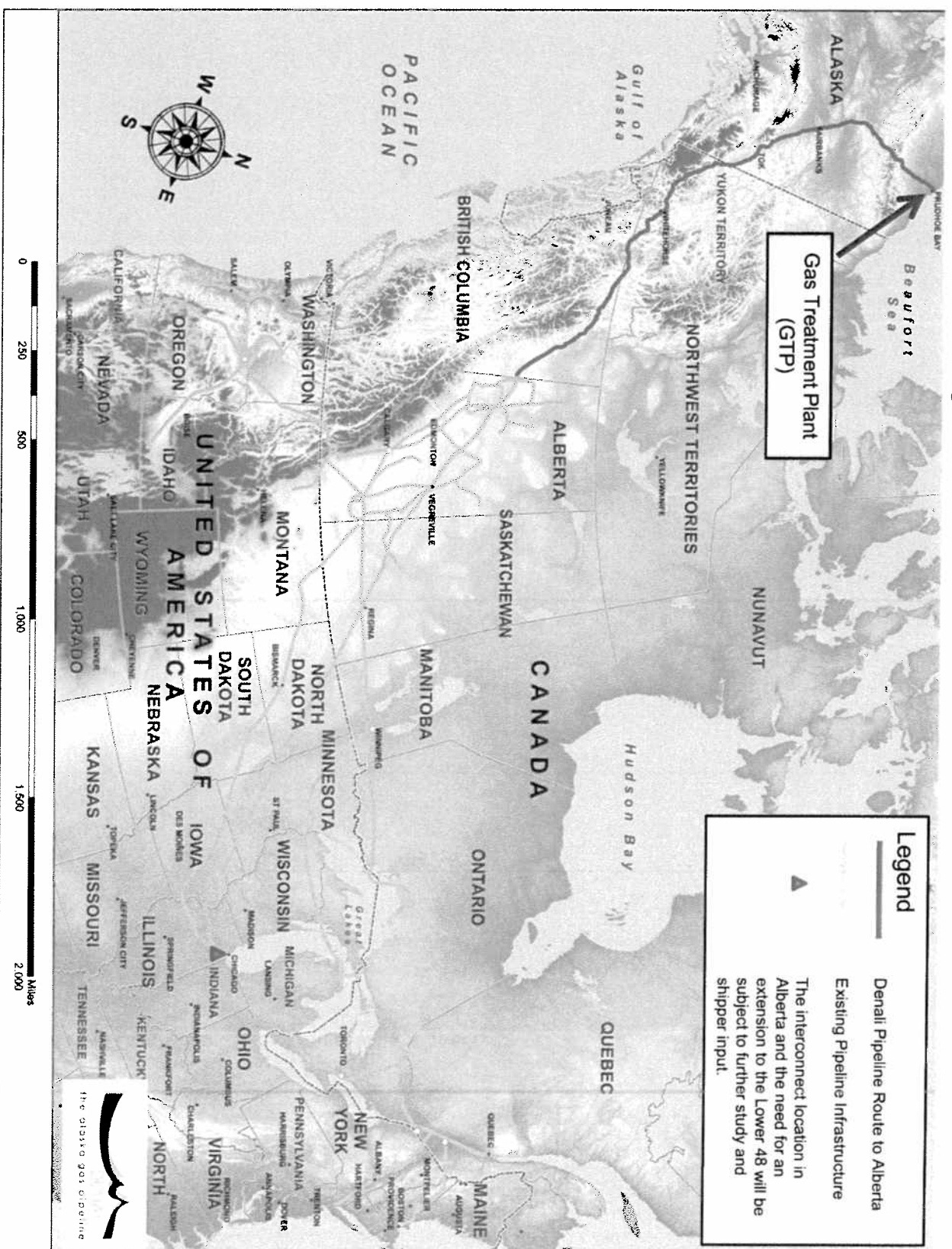


Denali Project Description

- Gas Treatment Plant (GTP) at Prudhoe Bay
 - Remove CO₂, dehydrate, compress and chill the gas
- Buried, large diameter, high pressure (~2,500 psi) pipeline
- Compressor stations every 100 to 200 miles at >40,000 hp each
- About 2,000 miles to Alberta, requiring (~2-3 million tons of steel)
- Possibly another 1,500 miles to US markets (~2 million tons of steel)
- ~4bcfd to North American consumers (6-8% US daily consumption)

Denali will be the largest private energy project in North America, and will require world-class project execution skills

The Denali Project – 4 BCFD to North American consumers



Denali Terms of Service

- Denali is an Open Access pipeline – *It's the law*
 - “*People have open access to the pipeline, not just the producers.*”
(FERC testimony to Joint AGIA Committee, June 16, 2008)
- Distance sensitive transportation rates for local use
- Design will provide for efficient expandability
- Solicit shippers every two years regarding expansion
- Will provide at least five offtake points within Alaska
- Will provide offtake points in Canada if warranted

Regulatory Frameworks – Canada and U.S.

Canada

- Two regulatory frameworks are available in Canada:
 - Northern Pipeline Act (NPA) – established more than 3 decades ago; available exclusively to one party
 - National Energy Board Act – a modern, non-exclusive process that is open for use by any project proponent
- Denali will use the modern-day National Energy Board (NEB) process.
No significant advantage to pursue project outside NEB framework

U.S.

- The Federal Energy Regulatory Commission (FERC) is responsible for authorizing the project
- The Alaska Gasline Inducement Act (AGIA) is not an exclusive license to build a pipeline. Denali does not need AGIA to move forward

Denali Progress – Key Accomplishments



Spent ~\$55 million in 2008

- Project T team mobilized
- Established Anchorage Headquarters
- Established Canadian Headquarters
- FERC pre-filing request approved
- Filed Right of Way on federal lands with Bureau of Land Management
- Successful 2008 summer field program
- Community outreach meetings in Alaska and Canada
- Established Archeology Technician program with UAF
- Member of AK DOL workforce development task force
- Met with Alaska, U.S. and Canadian government officials
- Awarded contracts for multi-million dollar Gas Treatment Plant and Pipeline preliminary engineering

FEERC Pre-filing and BLM Right of Way Application

FEERC Pre-filing:

- Enables Denali and FEERC to exchange information and coordinate work activities cooperatively and efficiently
- Ensures a timely application development and review process
- The FEERC requested that Denali pre-file due to project size and complexity

BLM Right of Way Application:

- Initiated formal ROW process with Bureau of Land Management (BLM)
- Enables direct BLM involvement in Denali's planning process
- One third of Denali's 730 mile pipeline route in Alaska crosses land under BLM jurisdiction

2008 Work

Summer Field Work

- Outstanding safety record
- Tok field office
- Surveyed over 200 miles of wetlands
- Investigated 70 archeological sites
- Shot over 1700 miles of ortho-photography
- Shot 730 miles of “immersive” video
- Investigated 538 potential stream/river crossings
- Performed route reconnaissance
- Identified contaminated sites
- As many as 80 people in the field



Engineering Progressed

- Route optimizations
- Technical studies
- Environmental assessments
- Cost estimates and schedules
- Plan project execution
- ~100 people engaged



Who's Been Working with Denali?



\$55 million spent in 2008

Two Major Engineering Contracts Awarded

Fluor / WorleyParsons
ARCTIC SOLUTIONS

Fluor WorleyParsons Arctic Solutions (Gas Treatment Plant)

- Major elements include technical studies, design basis, execution planning, cost estimating, and schedule development
- Arctic Solutions has significant arctic and North Slope experience, strong capability in the design and construction of mega projects in Alaska.



Bechtel (Mainline – pipeline and compressor stations)

- Major elements include engineering, design basis development, cost estimating, scheduling, procurement planning and infrastructure and logistics assessments
- Bechtel has extensive experience designing and constructing major pipelines, including some of the world's longest. Long history of design and construction of megaprojects worldwide.



2009 Plans Focused on Open Season

- Broader work program will result in updated cost estimate – essential for open season
- Awarded Gas Treatment Plant contract - preliminary engineering underway
- Awarded Contract for Alaska to Alberta Mainline – preliminary engineering underway
- Ongoing work with DNR, FERC, NEB, OFC
- Continue to meet FERC prefiling requirements and engage FERC 3rd Party Contractor
- Work with AK DOTPF on infrastructure requirements
- Field work program in Canada, minimal program in Alaska
- Workforce Development (UAF, AKDOL, survey crew training)
- Stakeholder engagement in Alaska and Canada
- Progress commercial work for open season



Denali is the only project proponent that . . .

- Has decades of Alaskan and Canadian construction and operational experience
- Has the desire and experience to construct and operate the Gas Treatment Plant (GTP)
- Has prefilled with the Federal Energy Regulatory Commission
- Has established a significant Alaska Headquarters office
- Is spending only its own money to move the project forward

Denali is moving forward with confidence in uncertain economic times